

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7595**

**BILL NUMBER:** HB 1570

**NOTE PREPARED:** Jan 18, 2005

**BILL AMENDED:**

**SUBJECT:** Property tax assessments and appeals.

**FIRST AUTHOR:** Rep. Saunders

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill eliminates the county land valuation commission and requires the township assessor to set land values. It amends sales disclosure requirements. The bill places the property tax levy for the county reassessment fund outside the maximum permissible levy. It requires a taxpayer to file a petition with the county assessor to initiate a property tax appeal. The bill provides that a member of the county property tax assessment board of appeals is appointed for one year and serves until a successor is appointed. It requires county auditors to transmit to the department of local government finance the results of an analysis of the application of annual adjustments to the assessed value of real property.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** *County Reassessment Fund Outside Maximum Permissible Levy.* The state pays property tax replacement credits (PTRC) and Homestead Credits on property tax levies for county reassessment funds. Any increases in local levies for these funds would result in additional increases in state expenditures for PTRC and Homestead Credits.

*Amendment of Sales Disclosure Requirements.* The bill provides that the sales disclosure form must include contact information on the person who prepared the sales disclosure form. The Department of Local Government Finance (DLGF), who prescribes the form, will have to make a minor adjustment to the form which could result in a minor increase in administrative expenses for the DLGF.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Elimination of the County Land Valuation Commission* This bill

eliminates the county land valuation commission and requires the township assessor to set land values.

Under current law (IC6-1.1-4-13.6), the township assessor must determine the values of all classes (commercial, industrial, and residential) of land using guidelines determined by the DLGF. The township assessor then submits the land values to the county property tax assessment board of appeals. The county board reviews the values, holds a public hearing, and may make modifications to provide uniformity and equality. The county board also coordinates the valuation of property adjacent to the boundaries of the county with the county property tax assessment boards of appeals of the adjacent counties using procedures adopted by rule by the DLGF. If the county board fails to determine the values before the general reassessment becomes effective, the DLGF must determine the values.

Also under current law (6-1.1-4-13.8), the county land valuation commission determines the value of commercial, industrial, and residential land (including farm homesites) in the county using guidelines determined by the DLGF. Not later than November 1 of the year preceding the year in which a general reassessment begins, the commission submits the values to the county property tax assessment board of appeals and the DLGF. The county property tax assessment board of appeals and the DLGF must review the values and may make modifications to provide uniformity and equality.

The proposal eliminates the county land valuation commission which could reduce administrative expenses at the county level. However, township expenses could increase because the township assessing official would be solely responsible for determining land values. This provision will shift administrative expenses associated with land valuation from the county to the township. The overall impact of the proposal on local units is indeterminable and would vary by county and by township.

Under current law, the county fiscal body may grant per diem to the county assessor for each day that the county assessor serves on the county land valuation commission. Under the proposal, the county would no longer have to pay this expense. Under current law, the township assessor may also receive per diem for serving on the commission. Townships would no longer have to pay this expense under the proposal.

*Amendment of Sales Disclosure Requirements.* The bill amends sales disclosure requirements. County assessors must stamp each sales disclosure form, and determine whether information on the form is entered in the appropriate space and, to the extent possible, whether it is erroneous. The assessor must give the person the opportunity to correct the form. The township assessor must also stamp the form. These provisions will increase administrative expenses. It is presumed that the local units will be able to absorb these added expenses.

*Filing of Property Tax Appeal.* The bill requires a taxpayer to file a petition with the county assessor to initiate a property tax appeal. This provision eliminates the option to file with the township. This provision could increase administrative expenses for the county while decreasing expenses for the township.

*Appointments to the County Property Tax Assessment Board of Appeals.* The bill provides that a member of the county property tax assessment board of appeals is appointed for one year and serves until a successor is appointed. This provision will probably result in the board maintaining its membership until new appointments are made. The impact would be that travel and per diem costs will likely remain constant.

*Transmission of Analysis to the DLGF.* County auditors must transmit the results of an analysis of the application of annual adjustments to the assessed value of real property to the DLGF. Counties should be able to absorb any additional expenditures associated with this provision.

**Explanation of Local Revenues:** *County Reassessment Fund Outside Maximum Permissible Levy.* The bill places the property tax levy for the county reassessment fund outside the maximum permissible levy. The result could be an increase in levies that would be beyond current limitations. The specific impact, however, is indeterminable.

**State Agencies Affected:** DLGF

**Local Agencies Affected:** Counties and Townships.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.